

# Transition in Southern Africa

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NB re indep states:  
 tie in to SA dominance  
 facing similar troubles (low productivity overall, ~~too~~ high income inequality, esp.: high K-int in modern sector / foreign ownership / K outflow & ~~low productivity in modern sector~~ poverty/alienation of peasants)  
 - diff. policy responses  
 - generalisation about difficulties encountered → diff. of mode wkers/plots  
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 role of local elites → that regional integration (among other things)  
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 TRANSITION OF SOUTHERN AFRICA

By Ann Seidman

As the peoples of the region struggle to liberate themselves from the domination of the racist state capitalism of South Africa, southern Africa is in transition. ¶ This paper analyzes that process by, looking, first, at how the South African regime has used racism to legitimate the exploitation <sup>not only of South Africa's, but</sup> of the region's African population by South African-based mining finance houses and transnational corporations; second, the nature of the obstacles confronting the neighboring states seeking <sup>economic as well as</sup> political and economic independence, and development; and, third, the consequences of these contradictory factors for the possibilities of building an integrated, industrialized regional economy capable of providing increasingly productive employment opportunities and higher living standards for all the region's inhabitants ✓.

# I. South Africa's racist state capitalism:

1. This paper was originally written for a conference that took place over five years ago. Updating it has underscored the difficulty of efforts to forecast the day-to-day course of the transition process.

Therefore, how close to the <sup>anode</sup> junction of  
the <sup>anode</sup> electrolyte what battery should  
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the <sup>anode</sup> electrolyte. The potential of an <sup>anode</sup> electrolyte  
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For over a century, minority rule interwoven with emerging state capitalism has shaped the institutions that coerced the region's African inhabitants into an impoverished labor reserves. A handful of South African mining finance houses, aided by transnational firms, accumulated and reinvested their profits -- in the 1970s nearly 100 percent on the gold mines<sup>2</sup> -- to build a tight ly-knit state-controlled military-industrial complex to serve the interests of the (white) ruling class.

The white 'tribes' alternately cooperated and bickered as they colonized southern Africa. They often argued over methods. But they agreed on the basic goal: both viewed blacks as the source of low-paid labor. The Afrikaans 'voortrekkers' forthrightly proclaimed they sought to preserve the 'proper relations between master and servant', the Africans doing the manual work under conditions of outright slavery<sup>3</sup>.

The British preferred more subtle means: Sir Harry Johnstone,

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<sup>2</sup> Republic of South Africa, South Africa Digest (Pretoria: Government Printer) Nov. 24, 1978)

3. The Afrikaans' forebears had colonized the Cape as a way-station to Holland's Asian colonies. (D. Hobart Houghton, The South African Economy (Cape Town: Oxford University Press, 1976, p. 2).

architect of British policy, declared (4)✓

...if the European capitalist can be induced by proper security to invest his money in Africa and if native labour can be obtained by the requisite guarantees of fairplay towards native right

then European colonial powers could attain their goals of raw materials, manufactured goods and markets.

By 'proper security' he meant:

The White capitalist....must have something conceded to him. The native must be prepared to guarantee a fairly handsome return for money hazardously invested.

By fair play, he explained:

All that needs be done is for the Administration to act as friends to both sides, and introduce the Native labourer to the European capitalist. A gentle insistence that the Native should contribute his fair share to the revenue of his country by paying his tax is all that is necessary on our part to ensure his taking a share in life's labour which no human being should avoid.

The British allowed the Afrikaans to set up their slave Republics in the rich Transvaal until the discovery first of diamonds, then gold. British finance capital's efforts to exert

4. "The Importance of Africa," J. African Society, 17 (1918) p. 179.

greater control over the mines led to the Boer war. At issue was never whether, but who should exploit the African peoples and the rich minerals of their land. In the Union of South Africa of 1910, the Afrikaans and the British joined in a compromise that enshrined white rule. Reflecting the whites' unity of purpose, they passed the Land Act, 'reserving' to Africans less than 10 percent of the nation's land area <sup>5</sup> in scattered fragments incapable of viable development.<sup>1</sup>, and establishing the Land Bank to finance the Boer farmers.

Increasingly controlled by the mining finance houses<sup>5</sup>, the mining economy mushroomed.

Denied ownership of land, African men migrated to work on contract, living in crowded mine compounds, away from their families for months on end, their wages barely enough for survival.

Only the larger Afrikaaner farmers thrived by expanding their sales of cheap food to the mine owners for their growing labor force. Hiring blacks at wages even lower than those on the

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5. The amount was increased somewhat later to 13 percent of the land designated under apartheid as 'bantustans' ('homelands')

6. By the 1920s, dominated by the Anglo-American Corporation (see Duncan Innes, *Anglo America and the Rise of Modern South Africa*, (New York: Monthly Review Press, 1984) these conglomerates over time reinvested their mining profits to exert control over most of the South African economy.

mines, the larger farmers acquired more and more land, squeezing the smaller Boers, too, off the land. These joined the urban unemployed, creating a 'poor white' problem. Unable to compete with Africans who had often lived longer and acquired more urban job skills in the cities, the 'poor whites' demanded preference because of their color.

The issue came to a head in the 1920s when white World War I veterans demanded the mine companies stop hiring blacks for skilled and supervisory jobs<sup>7</sup>. Maximizing profits by hiring lower paid blacks, the companies rejected the whites' demands. The white miners struck, demagogically rallying their followers around the slogan, "White workers United for a White South Africa." Red flags flying, they marched into town and seized control of the town hall. Government troops brutally suppressed the strike, and hung some of the leaders. But the companies' victory was short lived. In the next national elections, the almost totally white electorate voted in a government committed to imposition of the Colour Bar to ensure the best jobs and high incomes for the white workers. Herzog explained the new 'Civilized Labour' policy to the 1924 Assembly. Speaking of "unemployment and increasing poverty" among whites, he declared they were losing the battle against "uncivilized labour" and "must be prevented from sinking

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7. See H.J. and R.E. Simons, class and Colour in South Africa, 1850-1950 (Harmondsworth: Penguin Books, 1969), ch. 13.

down to the level of the native." As "the first and most important consideration", the government should uphold whites' right to work. In the interests of the Africans who would be "plunged back into the conditions of barbarism" if whites left, South Africa should reserve public service and railways as "spheres of employment for our civilized labour." Wherever possible, all industries requiring government licenses or permission must employ white men. Only by raising fences between the races would the white man lose his fears and "do the right thing by the natives." ✓

As the Simons point out, the South Africa government had to provide sheltered employment for unskilled whites:

They came from rural areas to the towns, competed with Coloureds and Africans for pick and shovel work at 6s or less a day, and violated white supremacy taboos by mixing with them in the meanest residential quarters....The urban poor white was...a potential recruit for a radical non-racial class movement. The Nationalists recognized the threat to white solidarity. Subsidized employment on public works would isolate him from the dark-skinned labourers and give him a stake in the perpetuation of colour-class discrimination." ✓

Simultaneously, the South African government created

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8. cited in *ibid*, p. 306.

9. *ibid*.

10. Corporations jointly held by state and private interests.



several state capitalist parastatals<sup>10</sup> to stimulate national economic growth to expand white workers' employment opportunities and to reduce the nation's

dependence on British capital. <sup>11</sup> Established in 1928, the Iron and Steel Corporation (ISCOR)

, in cooperation with the mining finance

houses and British steel firms, began to build a national steel industry. The Electrical Supply Commission (ESCOM) started building a national electricity supply grid to provide power for new industries.

In the 1930s, the developed nations' devaluation of their currencies boosted the prices and output of South Africa's gold, boosting industrial growth despite the world-wide depression.. By cutting off imported manufactures, World War II further stimulated the industrial sector. After the war, the Nationalists -- some of their leaders just released from detention as Nazi supporters -- won the majority of votes in almost entirely white elections. Systematically, they began to impose apartheid, an official policy of separating the races.

This is not the place to spell out the steps by which the Nationalists extended apartheid to all phases of life and rigorously stamped out all opposition among liberal and radical

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11. Houghton, op. cit., p. 14.

12. Amnesty International, Political Imprisonment in South Africa (London and New York: Amnesty International, 2112

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whites, as well as the overwhelming majority of blacks<sup>12</sup>. What is significant for this analysis is the

fact that, coincident with government measures to intensify exploitation of the blacks, the state systematically intervened to further stimulate rapid industrialization<sup>13</sup>.

The government married its parastatal activities with mining finance house capital through a series of interlinked subsidiaries that reached into all corners, not only the South African, but also the southern African economy. At the same time, it created new incentives to persuade transnational corporations, especially those based in the United States and the Federal Republic of Germany (West Germany) to provide the continent's most advanced technologies. Foreign investment soared. Direct U.S. investments, alone, multiplied almost six times from \$300 million in the early 1960s to \$1.8 billion in the mid 1970s, and almost doubled again after the Soweto uprisings to reach \$2.6 billion in 1983. In that year, furthermore, indirect U.S. investments, including bank loans, totalled almost \$15

billion<sup>14</sup>.

Broadway, N.Y., 10023, 1978).

13. Houghton, op. cit. ch. 6, and Ann Seidman and Neva Makgetla, Outposts of Monopoly Capital (Westport, Ct: Lawrence Hill, 1980) Part II.

14. Board of Governors of the Federal Reserve System, Federal Financial Institutions Examination Council, Statistical Release, E. 16, (26) of June 1, 1983.

Pouring investments primarily into factories, by the 1970s, foreign firms controlled 40 percent of South Africa's manufacturing sector. They provided capital-intensive technologies to build basic industries<sup>15</sup>. U.S. firms like General Motors and Ford, together with West German auto companies like Volkswagen, produced well over half the cars, trucks and even locomotives used in South Africa. Prohibited by their government from direct investment in South Africa, Japanese auto firms shipped car and truck parts for assembly in U.S.-owned companies there.

U.S. firms like GE and ITT, and West German firms like Siemens and AEG Telefunken (in which GE held shares) contributed technologies to electrify and automate South African industries. IBM and Burroughs played a leading role in building up South Africa's computer industry, which enabled the relatively small number of skilled white workers to control and supervise industry and the growing military machine without upgrading blacks.

With direct military implications, transnational corporations built up South Africa's nuclear capacity to process its own and Namibia's plentiful uranium. U.S. firms like Allis Chalmers and Foxboro, as well as West German firms, contributed nuclear

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15. For details, see Seidman and Makgetla, op. cit., part II.

technologies. The U.S. firm, Westinghouse, owned 15 percent of the shares and supplied the basic technology to the French consortium, Framatome, that built South Africa's biggest nuclear power plant 16. ✓

Although extensive exploration for South African oil deposits proved fruitless, U.S. and British oil firms continued to refine over two thirds of South Africa's oil production. They helped South Africa import oil secretly, evading OPEC's sanctions. They also helped lay the basis of South Africa's petrochemicals industry. A U.S. firm, Fluor, managed the construction of South Africa's giant oil-from-coal plant, by which it hoped to produce synthetic oil to meet part of its oil needs.

This manufacturing growth enabled South Africa to dominate the neighboring countries. From their regional headquarters in South Africa, transnational corporations, together with South Africa's mining finance houses, extracted the neighbors' valuable minerals and agricultural produce: copper, uranium, diamond and fish from Namibia; copper, nickel and diamonds from Botswana; iron ore, sugar, citrus fruits and woodpulp from Swaziland; copper from Zambia; diamonds, oil, iron, coffee and hydroelectric

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16. Experts believe South Africa already has nuclear weapons (See Rev. David Haslam, "The Financing of South Africa's Nuclear Programme," Notes and Documents, New York: UN Centre Against Apartheid, Mar. 1981).



power from angola; and cotton, sisal, citrus fruits, tea and hydroelectric power from Mozambique. They sold their expanding manufactured output, both within the South African Customs Union

✓ 17 and to the

countries beyond, blocking their efforts to industrialize. This perpetuated the the underdevelopment which forced hundreds of 'foreign' workers to migrate annually to work on South African mines and estates for poverty-level wages ✓ 18.

In short, South Africa emerged as a regional imperialist sub-center. The racist ideology underpinning apartheid intertwined with and rationalized the expansion of a vigorous, repressive state capitalist regime which coerced the black population of the region to work as low-paid labor, generating the surpluses that enabled the white minority to live at levels as high or higher than anywhere in the world. The existence of state boundaries merely served to conceal the spread of exploitation.

## II. TOWARDS LIBERATION:

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17. Botswana, Lesotho, Swaziland and Namibia.

18. For an analysis of this relationship, see Ann Seidman, The Roots of Crisis in Southern Africa (Trenton, N.J.: Africa World Press, for Dxfam America, 1984).





As South Africa intensified its domination over southern Africa, the people of the region mobilized to liberate themselves. Their struggles reflected more than an extension of the nationalist movements that, after World War II, freed almost 50 countries north of the Zambezi. The guerilla movements which won political independence for Angola and Mozambique in 1975 sprang from roots planted back in the 19th and early 20th centuries in battles against the Portuguese. The oldest modern political movement on the continent, the African National Congress of South Africa, held its founding convention in 1912 over half a century before. Nevertheless, the formation of independent black governments elsewhere in Africa did inspire greater southern African demands for freedom, initiating a potentially radical process of change throughout the region.

Lack of space prohibits a full exploration of all the contradictory features of this process. Instead, this section focuses on the causes of the difficulties encountered by the peoples of Tanzania, Mozambique, and Zimbabwe in their efforts to remold the inherited national political economies which had condemned them to poverty. On this basis, <sup>it</sup> seeks to identify the obstacles the newly independent states must overcome to <sup>(and nations as well)</sup> fundamentally transform the regional political economy to meet their needs.



A. Tanzania:

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For the first five years after independence, Tanzania pursued the World Bank's conventional wisdom: Expand export crops and increase education and social services; over time the multiplier effects will spread development throughout the nation. President Nyerere and the party consolidated their links with the people, building ten-house cells in every community as two-way channels of communication from the grassroots to the national leaders.<sup>19</sup>

Efforts to expand export crops succeeded: Tanzania's peasants multiplied their output of coffee, cotton and tea. But a fall in world prices reduced the country's foreign exchange earnings. The promised multiplier effect lagged. Furthermore, in 1966, in Ghana, a coup, following a precipitous drop in cocoa prices, ousted President Nkrumah who, for years, had followed a parallel development path <sup>20</sup>. Closer to home, while officially deploring the

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19. Cf. A. ;Nimtz, "Ten House Cell Leaders as an Index of Political Change: The Case of Bagamoyo," J.F. O'Barr, "TANU Cells and Their leaders: The Pare Case," and J. Sam,off, "Agents of Change: Cell Leaders in an urban Setting," papers presented to the African Studies Association, 14th Annual meeting, Nov. 3-6, 1971, Denver, Colo.

20. See Ann Seidman, Ghana's Development Experience, 1951-1966 (Nairobi: East African Publishing House, 1978), passim.



unilateral declaration of independence by Southern Rhodesia's white minority, the British and their western allies refused to take definitive action to insure an early and peaceful transition to majority rule in Zimbabwe.

In 1967, therefore, Tanzania's leaders took steps to assert direct control over the national 'commanding heights': the banks and financial institutions; export-import and internal wholesale trade; and basic industries<sup>21</sup>. This required massive reorganization of these institutions to direct investment to creating more productive employment opportunities and raising living standards. Success necessitated but formulation of a long-term strategy linking industrial growth to the spread of productivity in agriculture, producing critical tools and equipment at appropriate levels of technology and consumer goods<sup>22</sup>.

The Tanzanian government made some attempts to move in this direction. In their second five year plan, the planners did

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21. J.K. Nyerere, "The Arusha Declaration: 29 January, 1967," a selection from Writings and Speeches, 1965-1967 (Dar es Salaam: Oxford University Press, 1968), pp. 231-250.

22. For discussion of these, see Ann Seidman, Planning for Development in Sub-Saharan Africa (New York: Praeger, 1974; and Dar es Salaam: Tanzania Publishing House, 1974) passim.

23. Cf. Republic of Tanzania, Second Five Year Plan (Dar es Salaam: Government Printer, 1969).



specify social criteria<sup>23</sup>. They partially decentralized administration of development programs, primarily for social facilities and economic infrastructure. They failed to prepare carefully-designed physical and financial plans for industries and agricultural projects which, implemented over time, could initiate chains of planned growth in every region. Invited to produce an industrial strategy, a Harvard team produced a list of options, but offered little in the way of long term plan perspectives or recommendations to involve the people in implementing their proposals. The government's efforts to rebuilt foreign and internal wholesale trade to support more self-reliant development bogged down.

In its efforts to implement the Arusha Declaration, however, the government expanded the inherited parastatal sector, bestowing considerable power on its managers. Not infrequently, their interests diverged from national goals. Reliance on foreign partners for capital, technology, and technical expertise fostered this tendency. While perhaps not as widespread as elsewhere in the third world, parastatal corruption began to appear.

The Tanzanian government introduced measures to curb this

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24. See R. B. Seidman, *State, Law and Development* (London: Croom-Helm, 1978), Ch. 21.

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danger\24. A leadership code

prohibited government and party leaders from engaging in private business. Nationalization of rental housing restricted opportunities for speculative real estate investment.

Reorganization of the nationalized banks permitted, not only redirection of credit to key agricultural and industrial projects, but also a systematic checkup on the use of national investable surpluses by parastatal firms, government agencies, and individuals. The party published guidelines designed to facilitate worker participation.

Seeking to restructure an inherited externally dependent economy, every African country confronts the same dilemma, an

administration 'deadlock'\25.

Inevitably, the government must intervene to deal with large agglomerations of capital and the capital-intensive technologies characteristic of their 'modern' export sectors. Not to do so leaves oligopolistic, often foreign, private interests, seeking to maximize profits, to perpetuate externally dependence and widespread poverty. On the other hand, inherited bureaucratic state institutions typically isolate 'experts' and 'managers' from the people's concerns. Colonial denial of education to

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25. B.B.Schaffer, "The Deadlock in Development Administration," in C. Leys, ed., *Politics and change in Developing Countries: Studies in the Theory and Practice of Development* (Cambridge: University Press, 1969, p. 177).



Africans renders it difficult to involve workers and peasants in deciding relevant issues. Tanzania's party and leaders sought to deal with these issues, but did not always succeed 26.

In the countryside, the government proposed to bring scattered Tanzanian families together voluntarily into ujamaa villages to undertake collective crop cultivation and build schools, clinics and other social facilities. President Nyerere argued that by expanding agricultural productivity through collective work, the peasants would avoid rural stratification 27.

In the early 1970s, the party and government sought to accelerate the peasants' movement into villages. Reports of compulsion spread. Critics claimed peasants opposed cooperative cultivation.

Nevertheless, a decade later ujamaaization had clearly transformed the social structure. For example, in one remote rural region, formerly a labor reserve for colonial sisal plantations, up to 250 families -- no longer in isolated

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26. E.g. I. Shivji, *The Silent Class Struggle in Tanzania* (Dar es Salaam: Tanzania Publishing House, 1974). The Tanzanian press has reported sporadic attempts to punish transgressors.

27. J. Nyerere, *Socialism and Rural Development* (Dar es Salaam, 1967).



homesteads -- lived in communities equipped with water taps, schools, clinics and post offices. Ten house cells elected representatives to village councils. Villagers still mainly used hand tools to cultivate their own plots of land, but village councils and district leaders sought to bring community-owned oxen to increase cooperative production of food and export crops. The fabric of the villagers' lives and social experience had qualitatively changed. Nevertheless, past attitudes and traditions dogged the villagers' efforts. Although women continued to do most of the farm work, they seldom served as ten-cell leaders or on village councils. As villagers put cultivation of their own plots first, attempts to encourage collective work to acquire oxen and increase productivity encountered resistance 28 ✓

Unfortunately, as the ujamaaization accelerated, drought spread throughout East Africa, drastically reducing crop production. For the first time, Tanzania borrowed heavily abroad to finance food imports. Then, Uganda's Idi Amin invaded, embroiling Tanzania in a prolonged and expensive war, forcing the government to borrow still more. Reflecting the international

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28. See D. Kalyalya, K. Mhlanga, J. Semboja, and A. Seidman, Does Aid Work? (Trenton, N.J.: Africa World Press, forthcoming) for a report of 1983-5, participatory evaluation project in which two Dar es Salaam University students lived and worked with the villagers to assess the causes of these difficulties.



economic crisis, worsened terms of trade reduced the country's foreign exchange earnings. The government rejected the International Monetary Fund (IMF) typical IMF package of 'conditions' so the IMF denied it further credit. Western commercial banks followed suit. Foreign exchange shortages forced severe cutbacks in imported machinery, equipment and materials required by urban factories and to transport goods to remote rural villages. Operating at a fraction of capacity, industries laid off workers. Scarcities and rising prices, spurred by domestic borrowing as well as international inflation, discouraged peasants' efforts to grow food for the cities or export crops to earn more foreign exchange <sup>29</sup>.

The frustration of Tanzania's efforts underscored the complex nature of the transition towards socialism in poor underdeveloped countries. In Africa, a century of colonial <sup>ism had</sup> disruption of self-sufficient rural communities <sup>and</sup> coerced rural peoples into low paid labor reserves, <sup>It had a limited export economy</sup> and geared the economy to the export of raw materials and import of manufactures, <sup>the</sup> ~~to~~ these <sup>introduce</sup> contradictory <sup>features</sup> ~~aggravating the difficulties~~ <sup>he imposed</sup> ~~the~~ <sup>to confirm the</sup> ~~political~~ <sup>country</sup> productive capacity and lack of a conscious, unified working class undoubtedly retard the process.

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29. For details, see papers presented at a workshop sponsored by the Economics Research Bureau, University of Dar es Salaam, 1984.





It is easy for foreigners to 'armchair' theorize. It seems more useful, however, to engage the people, themselves in examination of the detailed evidence to discover the causes of the problems. Only then can they, themselves, devise more effective solutions <sup>30. & difficulty</sup> Tanzania's experience underscores the necessity of involving the workers and peasants at every level in a systematic step-by-step process of restructuring of inherited in key areas to ensure:

i> the machinery of state to ensure it encourages and responds to the needs and interests of an increasingly united urban working class and the peasants;

ii> the 'commanding heights' of the so-called 'modern' sector -- basic industry, trade and finance -- reshape the pattern of investment and resource allocation to achieve a more balanced, integrated economy; and

iii> the rural social structure engages the peasants in increasingly conscious cooperative efforts to improve their productivity and raise their own living standards.

But social change takes time. Educating cadres and creating new institutions to meet ever-changing situations is a slow, contradictory process. Mistakes are inevitable. What is crucial is the institutionalization of two-way channels of

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30. This proposition seems born out by the experience of the participatory learning process reported in Kalyalya et al, Does Aid Work, op. cit.



communication to correct those mistakes so that over time, step-by-step, the essential changes will take place.

B. Mozambique: ----- Mozambique's efforts to transform its political economy provides further insights into the complexities of transition. Historically, Mozambique's experience differed qualitatively from Tanzania's. Tanzania, a somewhat neglected British protectorate, attained independence in 1962 with relatively little struggle. The people of Mozambique waged more than a decade of guerrilla warfare against Europe's most backward, repressive colonial power. Before liberation, Frelimo created new state structures in the rural northern hinterlands. In the process, Frelimo's cadre discovered the dysfunctional impact of traditional hierarchies and attitudes on participatory, democratic structures. They learned to adopt rational, scientific approaches and reject superstition. They discovered the advantages of making concrete efforts to integrate women at every level of decision-making in the village governing structures<sup>31</sup>.

To ensure cultivation of food and provide school and health facilities during the armed struggle, Frelimo encouraged the

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31. See, e.g., Allen F. and Barbara Isaacman, Mozambique: From colonialism to Revolution, 1900-1982. (Boulder, Co: Westview Press, 1983) and Barry Munslow, Mozambique: The Revolution and Its Origins (New York: Longman, 1983).



peasants to organize communal villages. These managed to produce enough to feed the liberated zone populations and even to export small amounts of crops to help finance the import of manufactured essentials. Small scale artisinal industries produced and repaired tools, equipment, clothing and simple household supplies.

These activities required development of cadres and creation of new participatory structures. In 1975, when Frelimo finally won independence, it already had in place in northern rural areas some of the new productive and state institutions needed to undertake fundamental political economic reconstruction.

But independence immediately confronted Frelimo and the Mozambiquan people with new problems: How to restore productive facilities in the larger factories and commercial farms destroyed by departing Portuguese? How increase productivity throughout the countryside to provide food and raw materials for the cities while raising living standards? How to reorganize the inherited national bureaucracy and break South African and transnational corporate links to the 'modern' export sector built up around the harbor, transport facilities and estates near Maputo and Beira? What to do with the giant hydroelectric project at Cabora Basa, initially constructed to provide power for South Africa? How to employ the more than 100,000 workers who had formerly migrated annually to South African mines, and had lost interest in



agriculture? To further complicate matters, because of its support of the Zimbabwean Patriotic Front, the newly independent government faced the constant threat of invasion and massive destruction by the Rhodesian regime. Mozambique's decision to cut off the Rhodesian transport routes to the sea in conformance with the United Nations boycott, alone, cost the new government almost \$200 million a year in foreign exchange earnings.

During the first months after independence, the government strove to maintain basic services and produce necessities while beginning to take over and reorganize the inherited governmental structures. Excluded from decision-making in the past, committees of workers managed as best they could to bring back into production industries and estates abandoned and partially destroyed by the Portuguese. They struggled to restore transport, making necessary repairs of vehicles sabotaged by departing owners. In Maputo, tens of thousands of former squatter-compound dwellers moved to suburban type houses -- left by departing Portuguese -- enjoying running water, electricity, and clean airy rooms for the first time in their lives. Voluntary campaigns made Maputo one of the cleanest cities on the continent.

At its Third Congress<sup>32</sup> declaring it aimed to build

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32. The two previous ones took place during the war itself.





Marxist-Leninist vanguard-type of party, Frelimo charted a new course for the country: the stage of the People's Democratic Revolution as the first stage in the transition to socialism. As the leading class, the workers, would constitute the political base, forming an alliance with the peasants as the 'principal force'. The party aimed to "free the peasants from the narrowness of traditional production and encourage them to engage voluntarily in higher forms of production and collective life." It would strive to win over the small property owners, artisans and intellectuals, many of whom lived in southern Mozambique, outside the orbit of the liberation war.

As its economic base, the People's Democratic Revolution aimed to move towards state and cooperative held property. The Third Congress outlined as its objectives:

- \*An end to foreign domination and the consequences of traditional-feudal and capitalist-colonial rule;

- \*Extension of democratic people's structures throughout the country to involve the 'broad laboring masses' in decision-making, as the foundation of a new form of state power;

- \*A 'struggle on the production front' to satisfy people's basic needs for food, cloths;

- \*Strengthening the nation's defense capacity;<sup>33</sup>

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33. Mozambique Information Agency, Bulletins No. 9 and No. 10 <Maputo: Special Congress Issue.>



The new government exerted direct over the economy's "commanding heights". Taking steps to reorganize industries abandoned by the Portuguese, it negotiated to continue operations with foreign owned firms whose managers remained. It gradually placed the entire banking and financial institutional structure under national control, nationalizing the last bank in 1978. It also sought to control foreign and internal wholesale trade to redirect trade to meet the needs of the masses of people throughout the country, instead of the luxury consumption demands of the rich in Maputo and Beira.

To reconstruct the inherited state and private structures controlling these critical sectors, Frelimo had to create qualitatively different kinds of institutions from those it had built in the liberated zones. To deal with the large-scale, capital intensive machinery and equipment in the 'modern' sector, they needed sophisticated complex institutions. More experienced in rural guerilla warfare, Frelimo cadres struggled revise old laws and administrative regulations to ensure the new institutions contributed to, rather than hindering, essential changes. Foreign experts from Latin America and Europe sought to help, but most lacked familiarity with Mozambique's unique circumstances, and for some language differences hindered essential communication.



While the Third Congress proposed formulation and implementation of harmonious, planned economic development, the government and peoples' organizations in reality remained in the initial stages of preparation. They had only begun to gather the necessary statistical information and create participatory structures required to introduce more formal planning in the 1980s. Nonetheless, Frelimo concluded that, as a driving force for all other industries, they should build heavy industry based on their existing resources, seeking to achieve increasingly balanced development between regions. In the countryside, the party emphasized voluntary formation of cooperatives along the lines of communal villages in the liberated zones.

Frelimo proposed a new fiscal regime to accompany the physical plans formulated to attain these goals. The state would play an increasing role in mobilizing and reinvesting capital. Progressive taxation would contribute to a more equitable distribution of income. State banking and financial institutions would direct credit primarily to state firms and cooperatives. State projects' profits would provide a growing source of investment funds.

Frelimo announced that its fundamental labor and social policy aimed to create conditions necessary to dignify work as the motive force for social development. Work would constitute the



criterion for the distribution of the results of production. The party aimed to eliminate unemployment, create and dynamize workers' organizations, and, while paying each according to work done, encourage socialist emulation to increase productivity.

Through rapid training and specialized courses in all industrial firms and cooperatives, the party sought to give the working class essential political, technical and scientific knowledge. Its leaders emphasized the importance of emancipating women. They gave priority to spreading preventive medicine throughout the countryside, rather than building expensive hospitals and specialized curative facilities in urban centers. Frelimo stressed that education and culture lie at the "heart of the formulation of the New Man, free from obscurantism and capable of assimilating critically the political, scientific, technical and cultural knowledge transmitted to him."

The next five years, however, proved the difficulties that hampered attainment of these goals in a country left by colonial rule grossly underdeveloped and externally dependent, confronted by a hostile industrialized and militarily powerful neighbor, in an era of international financial crises. The overcentralized bureaucracy -- imposed to service the Portuguese, transnational corporations, and the bureaucrats, themselves -- blocked creation of a participatory framework for releasing the creative abilities of the workers and peasants. Reorganizing and rebuilding the





factories, trading institutions and banks, especially without adequately trained managerial personnel, proved problematic. Worsened terms of trade, reflecting the international crisis, reduced foreign exchange earnings, causing shortages of essential machinery and equipment for the industrial, transport and state farm sectors. Heavy expenditures on state farms, formerly private Portuguese commercial estates, failed to raise productivity. Lack of cadre, finance, and transport to assist peasants to expand cultivation and market crops, whether on a family or a cooperative basis, contributed to a decline in food and export crop output. In the 1980s, a three year drought devastated peasant cultivation in parts of the country, while in others floods and typhoons destroyed crops and livestock. On top

of all this, South African-supported 'contras'<sup>a</sup>, the MNR<sup>34</sup>, sabotaged r  
ail and road

transport, burned crops and storage facilities, and cold-bloodedly murdered teachers, cooperative leaders, and medical personnel<sup>35</sup>.

In 1984, finally bowing to South African and United States

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34. Originally established by Smith's regime to destroy Mozambique support for the Zimbabwe liberation struggle, the National Resistance Movement obtained South Africa tactical and military support for continued destabilization of Mozambique after Zimbabwe achieved independence.

35. See Seidman, The Roots of Crisis in Southern Africa, op. cit., for details.



pressures, Frelimo signed the Nkomati <sup>Accord.</sup>~~Agreement~~. The Mozambique government pledged not to allow the African National Congress of South Africa operate out of its territory in exchange for an end to South African support for the MNR. The United States, however, shipped food aid and promised to assist the private agricultural sector <sup>36/</sup>

*implications* Calling for foreign investment and technology, Mozambique joined the IMF. This opened new lines of credit from the West. U.S. firms renewed their exploration for oil. What its shift to closer ties with the West might portend remained to be seen. South Africa secretly continued to send the military equipment to the MNR.

Angola's early efforts to implement a socialist transformation essentially paralleled Mozambique's. Two major factors differentiated the subsequent course of development: First, Angola, with more rich though only partially developed resources, had a stronger economic foundation. Despite U.S. refusal to recognize the new Angolan government, the U.S. firm, Gulf Oil, negotiated a satisfactory arrangement to continue to pump oil from its valuable Cabinda wells. This provided an important

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36. Hanlon argues U.S. aid specifically sought to derail efforts to achieve a socialist transformation in the countryside. (See Josph Hanlon, "Stealing the Dream," New Statesman <Britain>, Oc. 19, 1984; and his book, Mozambique: The Revolution Under Fire. London: Zed Press, 1984.



source of Angolan revenue. Second, possibly because of Angola's resources as well as its proximity to and support for Namibian and South African liberation, South Africa repeatedly employed its powerful military machine to invade and destabilize Angola. In 1976, as South Africa's armored troops neared the capitol <sup>✓</sup>37, Angola requested Cuban assistance <sup>✓</sup>

<sup>✓</sup>38. Well-trained and armed with modern weapons, the Cuban soldiers helped to drive the South African troops back into Namibia. The Cubans, including teachers and technicians, as well as soldiers, stayed to help protect and rebuild the fledgling Angolan state. The U.S. used their continued presence to refuse recognition, and as an excuse to avoid pressuring South Africa to liberate Namibia <sup>✓</sup>39. In 1985, President Reagan publicly announced the U.S. would send covert aid to UNITA, the South African supported anti-government guerilla force which played a role in Angola like the MNR's in

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37. An invasion secretly supported by the United States; see John Stockwell, *In Search of Enemies: A CIA Story* (New York: Norton, 1978).

38. The cubans, who speak Spanish (easily comprehended by the Portuguese speaking Angolans, had provided training and logical aid during the war against the Portuguese.

39. See Seidman, *The Roots of Crisis*, op. cit. Ch. 6.

40. New York Times, Nov. 23, 1985; and "CIA Aid Already Flowing" *Guardian* (Britain), Nov. 27, 1985.



Mozambique ✓ 40.

With fourth of its rural population uprooted, their crops and livelihood destroyed, the Angolan government mobilized for war, waging a struggle simply to keep the economy going and feed the people. At the end of 1985, the second post independence congress of the ruling Popular Movement for the Liberation of Angola (MPLA) resolved for the next five years to base its economic policy on:

- \*Giving absolute priority to the country's defence requirements;

- \*Achieving greater production efficiency and improved supplies for the population to guarantee economic and social statilization;

- \*Boosting the productive sectors to lay the technical and material foundations for economic and social transformations to ensure economic independence;

- \*In view of the war situation, focusing in the social sphere on solving the problems of children, especially those abandoned and orphaned;

- \*Developing economic and financial austerity, vigorously opposing unjustified expenditures and wasting of resources ✓ 41.

As in Tanzania, Mozambique's experience (and, although less detailed here, Angola's, too) revealed the complex interaction of factors that hinder an underdeveloped externally dependent

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41. ANGOP (Britain), Dec. 13, 1985.





country from implementing a socialist transformation. Both suffered the added impact of hostile intervention by a more industrialized, militarily powerful, neighbor. The United States' role reflects the growing U.S. transnationals' interests in the region, adding a global dimension to their efforts.



C. Zimbabwe:

During their long liberation war, Zimbabwe's nationalist movements, too, proposed to ensure popular control of their nation's rich productive resources, promising to restore the land to the people. In the late 1970s, South Africa and the Western powers engaged in extensive maneuvers to impose brakes on efforts to achieve radical reconstruction in Zimbabwe <sup>42</sup>✓

On winning independence, the voters overwhelmingly elected Zimbabwe African National Union (ZANU) candidates, and Robert Mugabe became prime minister. The new government immediately raised minimum wages and multiplied expenditures for schools and health facilities. It began to resettle some of the 800,000 peasants on the best half of the national farm land still monopolized by 6000 white commercial farmers. Hopes for real change soared.

Yet in the first six years, despite its radical rhetoric and

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<sup>42</sup> The compromise Lancaster House Constitution guaranteed 20 percent of the seats in Parliament to the white minority for a decade; required heavy compensation for the owners for land or other assets nationalized; and provided a 'golden handshake' for retiring white civil servants that rendered it too expensive for the new government to entirely replace them.



a more developed economy than any of the other three countries, the new Zimbabwe government failed to make significant structural changes. At every level of the bureaucracy, behind a screen of official government secrecy <sup>43</sup> the new officials of the Mugabe government confronted institutionalized pressures and delays. Endless unpublicised committees and commissions buried proposals for effective land reform and blocked efforts to spur trade union growth to give commercial farm and urban workers a voice. Susceptible individuals received various incentives to support the continued status quo, including offers local directorships in transnational corporate affiliates that still controlled three fourths of Zimbabwe's modern sector assets <sup>44</sup>. Within months after their election victory, new ministers and top civil servants obtained bank loans to buy big houses in the formerly white suburbs of Harare and to engage in commercial farming, hotels, and other profitable ventures <sup>45</sup>.

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43. A policy carried over with almost no change from the previous minority regime.

44. The Zimbabwe affiliate of the South African mining finance house, the Anglo American Group, played a leading role in finding the 'weak links' in the new government. As foreign capital sought to flee during the last few years of the liberation struggle, Anglo American had bought controlling shares of leading firms in almost every sector of the Zimbabwean economy.

45. For details of the difficulty of restructuring Zimbabwe's state machinery, see R.B. Seidman, 'Namibia: Lessons from Zimbabwe,' paper presented to the UN Namibian Institute, Lusaka, 1984.



The new government did not even try to capture the sizeable locally-generated investable surplus -- almost \$2 billion in 1981, alone. Pursuing conventional western advice to create an hospitable investment climate, it left the inherited tax system largely intact, and revised foreign exchange controls to permit transnational corporate affiliates to remit home half their after tax profits <sup>46/</sup> 5%. Annually reported outflows of funds rose to nearly \$300 million. Transfer pricing siphoned out another \$250-300 million. Yet foreign investors brought in barely \$25 million in new capital in the first relatively prosperous year, and less as the economic situation deteriorated <sup>47/</sup> 5%.

The costs of the expanding bureaucracy and the extension of social welfare programs mounted. As in the neighboring countries drought, worsening terms of trade, and South African destabilization plagued Zimbabwe. Unwilling to raise corporate taxes, the government borrowed heavily at home and abroad. Within three years of attaining independence, it had to pay out a third of the nation's foreign exchange earnings simply to cover

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<sup>46/</sup> 6. The Smith regime had prohibited remittances of profits to any firm based in a country that complied with UN sanctions.

<sup>47/</sup> 7. A. Seidman, "Alternative Options for Development in Zimbabwe" Zambezia (Harare: University of Zimbabwe, 1983)





its growing foreign debt. Turning to the International Monetary Fund, the government accepted the typical 'austerity' package. It cut back on education, social welfare and efforts to restructure the economy, raised interest rates, froze wages, and devalued the currency. It essentially halted further resettlement though less than ten percent of the peasants had received (mostly abandoned) commercial farm land. Explicitly adopting the Kenya model, the government shifted its focus to the former Tribal Trust Lands (now re-named Communal Areas, but still grossly overcrowded). In 1984-5, as good rains fell, a strata of relatively well-to-do peasants, benefitting from credit and marketing assistance, produced about a third of the nation's marketed maize. Rising import costs aggravated inflation. Unemployment mounted. In the western provinces, the government countered rural discontent by military action, imposing martial law, and detaining and brutalizing members of the main opposition party whom it accused as supporters of dissidents ✓

By 1986, as it alternately pressured and negotiated with opposition leaders to form a one-party state, the ruling party's national agenda no longer appeared to include meaningful structural change.

7. As elsewhere, South Africa-trained and armed elements supported dissidents to further destabilize the situation; see "Pretoria's Secret War Against Zimbabwe" The Manchester Guardian, Apr. 30, 1984



D. The on-going liberation struggle <sup>49</sup>✓

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In Namibia, the struggle for liberation from direct South African rule dragged into its third decade. Although the U. N. declared all mining illegal during South Africa's occupation, Rio Tinto Zinc's continued airfreighting of uranium to western markets, paying taxes and foreign exchange to the South African government. As in Zimbabwe, South Africa and the western powers, led by the United States, maneuvered to prevent SWAPO from introducing a 'radical' transformation. In the 1970s, South Africa's attempt to impose its own Turnhalle formula for an internal solution fell apart. On coming into office in the 1980s, the Reagan Administration refused press South Africa to liberate Namibia until Angola agreed send home all Cuban troops (see above). In the mid 1980s, in violation of United Nations policy, South Africa sought to impose another internal solution .

Inside South Africa itself, the liberation forces gained new momentum. Throughout the early 1980s, Umkhonto we Siswe, the military wing of the banned African National Congress, sabotaged

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<sup>49</sup>. This section briefly summarizes material reported and footnoted in Seidman, The Roots of Crisis, op. cit., esp. Chs. 3-6.



increasing numbers of economic and military installations. Some 600 grassroots-based organizations joined to form the United Democratic Front (UDF) which mobilized successful nation-wide protests against the South Africa's meaningless constitutional reforms. Students boycotted discriminatory 'Bantu' education. Community groups protested rent and bus fare hikes promulgated by township and bantustan administrations. Trade unions supported community actions and organized their own strikes and stay-at-homes. Militants attacked police and armed soldiers, blew up police stations and administrative buildings, and killed those regime-appointed officials who refused to resign. The violence spilled over into white areas. Despite imposition of emergency powers, deployment of troops, police brutality, widespread detentions, torture, and shooting of demonstrators, the <sup>people</sup> ~~blacks~~ rendered several major <sup>black</sup> townships ungovernable.

Coupled with the impact of international recession, mounting violence led to capital flight. International anti-apartheid protests forced foreign banks to refuse to roll over South Africa's \$20 billion international debt. This threatened its capacity to import oil and the sophisticated technologies and military hardware that even its relatively advanced industrial capacity could not produce. The regime halted remittances of capital. It called a moratorium on repayments of its international debts. The rand's value plummeted to an all time low. Yet the western bankers did not declare the South Africa

No. Equally  
due internal  
pressure  
(uprising)



bankrupt. Nor, despite proposals backed by a majority of UN members, did the western powers agree to effective sanctions to hasten the end of apartheid<sup>50</sup>. Instead, the international financial community entered into behind-the-scene negotiations with the South African regime and its corporate allies.

### III. New possibilities for regional integration:

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In the long run, the South African disruption of its neighbors' efforts to restructure their economies suggests that the outcome of the liberation struggle within South Africa, itself, will have a major impact, not only on the lives of its inhabitants, but also for the future of the individual states, and even for development throughout the region.

Despite widely differing ideological and political perspectives following the liberation of Zimbabwe in 1980, nine independent southern African countries joined the Southern African Development Coordination Conference (SADCC) to attain self-reliant economic development and reduce South African domination of the region. Drawing on the experiences of other

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<sup>50</sup>. Ironically, in the South African case, the Reagan administration declared 'ineffective' the kinds of sanctions it unilaterally imposed against little Nicaragua and Libya.





African and third world countries suggesting that common market integration fostered uneven development and led to conflicts, they agreed to work for complementary industrial and agricultural growth based on coordinated infrastructural and energy development <sup>51</sup>✓

The potential, indeed the necessity, of regional integration for regional development is great. Colonial-imposed boundaries hindered efficient use of their regional resources. Alone, no SADC country, except Tanzania, has a population as big as New York City; all lack the capital and the market size needed to build optimally-sized basic industries like iron-and-steel, chemicals, electrical machinery, or transport equipment <sup>52</sup>✓

Even without South Africa, regional integration could accelerate the spread of productivity and higher living standards. With a regional population approaching 60 million, SADC would enjoy a sizeable market. Using the region's rich resources, the member states could each plan a pole of growth

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<sup>51</sup> For the advantages of coordinated planning and development to build growth pole industries taking advantage of economies of scale, see R.H. Green and A. Seidman, *Unity or Poverty? The Economics of Pan Africanism* (Harmondsworth: African Penguin Library, 1968).

<sup>52</sup> For discussion of economies of scale, see R.B. Sutcliffe, *Industry and Underdevelopment* (Massachusetts: Addison-Wesley Publishing co, 1971) Ch. 6.



industry as a hub around which to build an array of lighter national industries and agricultural development. Angola's, Mozambique's and Tanzania's extensive coastlines and excellent deep-water harbors provide a framework for a cross-continental transport network. Zimbabwe could expand its iron and steel industry, utilizing not only its own ores, but also, perhaps, those of Tanzania and Mozambique, to provide the essential inputs for construction, transport and machinery industries. Zambia, Botswana, and Namibia could develop copper production, smelting and initially processing output in Zambian refineries and rolling mills, and shipping it for more advanced fabrication in a variety of factories in several countries. Tanzanian phosphates might form the foundation of a fertilizer chemicals complex. Angola could provide oil for refineries of other countries, as well expand its own refinery to provide refined products for those countries without one; and over time might build a petro-chemicals industry for the entire region. Mozambique's Cabora Basa hydroelectric project might be hooked up in a grid with Zimbabwe's Kariba, Zambia's Kafue, and Angola's Kunene projects, providing electric power for the region's industries.

In this initial stage, careful physical and financial planning of resource use would enable the participating countries to escape continued South African domination. Construction of essential transport networks would open up new regional sources of supply of necessary materials and supplies,



laying the foundation for further planned complementarity of the participating countries' industrial and agricultural activities.

To build this kind of regional integration would require that the participating nations exercise adequate joint state control over the regional commanding heights to implement long-range, coordinated plans. Each country would need to construct industries and the associated linkages to ensure they achieved the planned spread of production. The participating states would need to coordinate their foreign trade and internal wholesale institutions to guarantee essential inputs and markets. To provide capital would require coordination of banking and financial institutions, and income, tax, and foreign exchange policies to direct locally-generated surpluses and maximize the benefits of foreign investments <sup>53.</sup>✓

Yet transnational short term corporate profit-maximizing within the already distorted regional markets dominated by South Africa tended to thwart national efforts to redirect investments and trade towards a more balanced integrated pattern of regional development. To cite only one instance: Immediately after independence,

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<sup>53.</sup> Some of these requirements are explored more fully in D. Ndiela, K. Macamure, and A. and R.B. Seidman, editors, Maximizing the Benefits of Transnational Corporate Investments in Southern Africa, papers from a 1982 southern African workshop (Harare: Zimbabwe Publishing House, forthcoming).



sat a Zimbabwe's Electricity Supply Commission, on whose governing board representative of the South African Anglo-American Group

~~§4~~, refurbished plans ~~§5~~ to build a thermal plant using Anglo America's Hwangwe coal to produce power for Zimbabwe industry. Endorsed by the new government after prolonged behind the scenes debate, this decision had several counter-productive ramifications:

1. It reduced Zimbabwe's purchases of Zambian power, at independence about 30 percent of Zimbabwe's requirements and an important contributor to Zambian

foreign exchange earnings ~~§6~~

2. It blocked the possibility that Zimbabwe might join its neighbors to establish a regional power grid, purchasing surplus power not only from Zambia, but also -- for far less than it cost to build the thermal plant -- from Mozambique's Cabora Bassa hydro-electric project. This would have reduced Mozambique's dependence on South Africa.

3. Construction of the thermal plant more than doubled the electricity costs to Zimbabwean industries and agricultural projects, rendering electricity prohibitively expensive for small rural communities or peasant schemes.

4. Failure to focus on building a regional power grid also contributed to Botswana's decision, under heavy

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~~§4~~. See part I above.

~~§5~~. rejected as too expensive almost a decade earlier by the Smith regime.

~~§6~~. In fact, the World Bank advisory report recommended that no country should depend for more than 15 percent of its power on imports, although in balkanized southern Africa, regional integration aimed precisely to foster this kind of trade for the mutual benefit of the participants.





South African pressure, to buy the additional power it needed for an Anglo-American affiliate's new diamond mine, to buy South African power rather than buy it from its independent neighbors.

Moreover, international monetary and marketing difficulties, combined with IMF and U.S. pressures opposed the kinds of state intervention required to restructure key institutions and national economies to enable them to participate in effective planning for balanced, integrated regional development outside

the South African orbit <sup>54</sup> Beyond transnational corporate and western pressures for national policies that undermined regionally coordinated development, South Africa's surrogate 'controls', like the MNR and UNITA, specifically targetted regionally-focused transport and energy networks.

Broadened and intensified mobilization of popular demand for fundamental change within South Africa, on the other hand, opened the possibility of accelerating the advent of a second stage of regional integration. In this stage, a liberated South Africa might participate, not as the dominating actor, but as an equal partner. If a new majority-backed government dedicated its efforts to restructuring the South African political economy to meet the needs, not only of its own inhabitants, but also of the

<sup>54</sup> See Seidman, Roots of Crisis, op. cit., esp. ch. 6.



regional population, it could contribute in many ways to stimulating as well as benefitting from regional industrial growth.

This suggests a need to refocus attention the links between South Africa's authoritarian stage structures and highly developed, capital intensive industry and agriculture and the underdevelopment and impoverishment of its black population and the peoples of the region. The neighboring countries' experiences since independence argue the need for changes at every level of a free South Africa's inherited state machinery to ensure the masses of working people participate in decision-making. Furthermore, in the short run, the 12-14 million South African inhabitants, squeezed into the overcrowded infertile bantustans, will need access to more land to survive. In the longer run, new state parastatals and financial institutions must redirect investments to more balanced industrial and agricultural development to spread increasingly productive employment and rising living standards throughout the country.

Developing along these lines, a free South Africa could contribute effectively to regional development. Redirected in the context of careful regional planning, in other words, South African industrial development could complement and supplement, rather than compete with and hinder, the construction of new



factories and agricultural capacity in neighboring countries. Its more advanced industrial capacity could produce machinery and equipment at appropriate levels of technology for the farms and new factories the neighboring countries seek to build. As productivity spread, the rising living standards of the masses of the region's more than 90 million inhabitants would provide a growing market for the continued expansion of the appropriate planned industries and agricultural projects, providing more employment not only in the neighboring states, but also within South Africa itself.

This kind of regional integration does not imply complete withdrawal from the world system. On the contrary, assuming trade and investments can be arranged on equitable terms, the regional inhabitants will benefit considerably from the planned import of machinery and equipment. The increased manufacture of southern African exports would enhance their foreign exchange earnings, enabling them to become more viable foreign trade partners. The United States, for example, today sells per head of the population in developed Europe almost ten times as many products as it does in southern Africa. Over the next half a century, as the free peoples and government of southern African coordinate their national and regional political economies to spread 20th century technologies and employment opportunities, they could build a strong industrial region and raise living standards to levels comparable to those of Europe.









their people to reconstruct their vulnerable political economies. Despite their radical rhetoric, confronted by drought, international recession, and entrenched transnational corporate links to South Africa, Zimbabwe's new leaders -- caught up in the web of authoritarian state structures -- have made fewer significant changes in the lives of the poor.

Two contradictory features have altered, but may not have fundamentally swerved the process of transformation taking place in southern Africa: First, the newly independent countries, embroiled in international crises, drought and South African destabilization, encountered difficulties in restructuring their own institutions, let alone coordinating them to build a united, self-reliant regional political economy. This slowed the momentum that, by 1980, had seemed to gather for attainment of the first stage of regional integration to attain self-reliant development and reduce dependence on South Africa.

On the other hand, Namibia's liberation movement, SWAPO, still struggles for liberation, rendering South African occupation an increasingly heavy burden for the minority regime. Inside South Africa itself, ten years after the Soweto uprising, the liberation movement has rendered <sup>many</sup> ~~the~~ townships ungovernable. This raises the possibility that, in a second stage of regional integration, a free South Africa will participate as an equal partner with its neighbors to restructure the regional political

economy for the mutual benefit of all.

The outcome will depend on the resolution of conflicts and contradictions at too many levels to even attempt a forecast. The lessons of the past experience of the southern African countries suggests the unlikelihood of a neat, clean transformation with an ideal ending. Rather, they urge involving the region's working people, peasants, small businesspeople and intellectuals in an on-going analysis of the obstacles thwarting essential institutional changes. On this foundation, learning from their own and others' experiences, hopefully the region's inhabitants will design strategies to overcome the barriers to continued transformation and achieve balanced integrated development providing productive employment opportunities and rising living standards for all.

## Trouble:

Poverty despite riches of southern Africa

## Explanation

- (1) In SA: Apartheid  
In southern Af: interaction betw SA, <sup>TNCs</sup> & col. powers to shape dualist, eco. dep on SA

- (2) Repro of party in s'era Af despite indep →  
a. Govts →  $\Delta$  alloc of res. then:  
pols aimed at controlling modern sector  
1. In Tanz / Zambia → paras  
2. In Moz / Angola → socialist ents / plan

pols aimed at rural dev:

1. In Tanz: ujamaa
2. In Moz / ~~Angola~~ communal villages.

b. Ineffective due:

1. Diff of controlling modern ind  
→ esp. given dep on world mkt  
- tendency to nationalise beyond capacity to control.  
- diff of establishing who's control (role of local elite)  
→ Balkanisation
2. Diff of moving psts for rural dev.  
- esp - given isolation & low ed of maj.

## Solutions

1. ~~Reorg nat'l ec~~ → need local solns, as local prob (i.e. Q of nat'l prodn dynamising soc.)
2. Imptce of ~~reg'l~~ reg'l integ ~~devel~~
3. After SA indep...